

## Enterprise Fund Expenditures

Enterprise Funds account for specific services that are funded directly through user fees. Examples of these funds include Water, Metropolitan Wastewater, Development Services, Refuse Disposal and Recycling. Typically these funds are intended to be fully self-supporting and are not subsidized by the General Fund. The Fiscal Year 2004 Proposed Budget for Enterprise Funds is \$769.44 million.

### Water

The Water Department's Fiscal Year 2004 Proposed Budget of \$377.3 million represents a net increase of \$46.6 million over the Fiscal Year 2003 budget of \$330.7 million. The annual budget was developed to conform to the Water Department's finance plan, while maintaining current service levels. Significant budget reductions total approximately \$1.4 million, which include:

• Information Technology Support	(\$0.8 million)
• River Park Master Plan	(\$0.3 million)
• Other Program Reductions	(\$0.3 million)
Total	(\$1.4 million)

Additionally, the Water Department's Fiscal Year 2004 Proposed Budget reflects increases totaling \$48.0 million, which include:

• Capital Improvements Program	\$23.1 million
• Bond Debt Service	\$ 5.4 million
• Personnel Expense Adjustments	\$ 5.7 million
• Water Purchases	\$ 2.8 million
• Water System Technician Series	\$ 2.8 million
• Citywide Financial Accounting System	\$ 2.0 million
• Reservoir Concessions	\$ 1.8 million
• Security Measures	\$ 1.0 million
• Monthly Billing Implementation	\$ 0.9 million
• Storm Water	\$ 0.4 million
• Operating Reserve	\$ 1.5 million
• Non-Discretionary	\$ 0.4 million
• Other Program Additions	\$ 0.2 million
Total	\$48.0 million

The Water Department's Fiscal Year 2004 Proposed Budget includes 4.00 additional positions required to comply with State and federal mandates associated with the jurisdictional Urban Runoff Management Program.

The Water Department's Proposed Budget is based on water rate increases of six percent per year for five consecutive years that began July 1, 2002. These increases were necessary to continue the Water Department's Capital Improvement Program project schedule approved by the Mayor and City Council and support the ongoing operations and maintenance activities. In October 2002, the Water Department issued additional Water Revenue Bonds of \$286 million to continue this program.

As a requirement of issuing Water Revenue Bonds, the Water Department maintains over \$21 million in reserves. \$16 million is allocated to the 45-day operating reserve and

# City Funds

\$5 million for the Capital Improvement Program (CIP) Bond Issuance Reserve. The 45-day operating reserve can only be used for emergency operating expenses and must be replenished immediately. The CIP Reserve is intended to provide for emergency capital needs in the event of the catastrophic failure of a major capital facility. Use of these funds would require City Council action to transfer to another CIP project for expenditure. Additionally, the Unallocated Reserve totals \$2.3 million and is intended to provide for unanticipated operations and CIP needs that arise during the year with approval of the Mayor and City Council. The Water Department also maintains a Secondary Purchase Reserve of \$6.4 million, which is intended as an emergency reserve for the purchase of water in the event of a drought, or other emergency that suddenly disrupts the normal supply of water.

Excluding the 45-day Operating Reserve and the Unallocated Reserve, the Fiscal Year 2004 Proposed Water Department operating budget totals \$272.2 million, which includes \$6.3 million for contractual services with City forces, \$34.9 million in debt service requirements, and \$3.4 million in General Government Services, bringing the adjusted operating budgeted to \$227.6 million. All budget amounts are within the parameters of the City Council approved Water Rate Case.

## Metropolitan Wastewater

In the early 1990s, the Metropolitan Wastewater Department (MWWD) was created to focus on the operation, maintenance, repair, upgrade and expansion of the Metropolitan Sewerage System (interceptors, treatment plants and outfalls). Subsequently the Department was assigned operational responsibility for the Municipal system as well. As the Department neared the completion of the major Metropolitan system upgrades, the capital improvement effort shifted to the Municipal System, which consists of nearly 3,000 miles of pipeline and 83 pump stations. Based on the recommendations contained in an optimization study, MWWD developed what is referred to as the “Accelerated Program”, with the goal of reducing sewer spills from 10.3 to 6.6 spills per 100 miles of sewer pipelines by the end of Fiscal Year 2007. The Accelerated Program includes acceleration of pipeline condition assessment and ramping up the rehabilitation and replacement of deteriorated pipelines from the current 15 to 20 miles per year to 60 miles per year and addresses both operations and maintenance and capital improvement needs. The program also includes accelerated cleaning of the entire sewer system by 2004.

The Metropolitan Wastewater Department’s Fiscal Year 2004 Proposed Budget of \$510.9 million includes the addition of \$64.0 million and a reduction of 4.00 positions, including reserves, debt service, and the Capital Improvements Program. These operating budget increases are mainly attributable to the following:

• Televising and Condition Assessment of Sewer Mains	\$7.2 million
• State Revolving Fund (SRF) Repayment	\$4.9 million
• Establishment of an Assurance Reserve	\$4.0 million
• Upgrade and Maintenance of Citywide General Ledger	\$2.0 million
• Engineering and Consultant Services	\$1.8 million
• Information Systems Management and Administration	\$1.6 million
• Increase in Chemical Costs	\$1.4 million
• Acquisition of Additional Flow Meters	\$1.2 million
• Pump Station Energy Feasibility Studies	\$1.0 million
• Environmental Mitigation and Habitat Restoration	\$1.0 million
• Biosolids Disposal	\$ .6 million

As a requirement of issuing Sewer Revenue Bonds, MWWD maintains over \$30 million in reserves. \$26.3 million is allocated to the 45-day operating reserve and \$5 million for the Capital Improvement Program (CIP) Bond Issuance Reserve. The 45-day operating reserve can only be used for emergency operating expenses and must be replenished immediately. The CIP reserve is used to fund emergency capital requirements and must not impair the City's ability to repay debt service requirements. The Unallocated Reserve totals \$4.3 million and may be used to fund both operating and capital project needs within the Sewer Fund. Excluding the 45-day Operating Reserve and the Unallocated Reserve, the Fiscal Year 2004 Metropolitan Wastewater operating budget totals \$315.6 million which includes \$21.9 million for contractual services with City Forces, \$81.9 million in debt service requirements, and \$3.3 million in General Governmental Services, bringing the adjusted operating budget for Fiscal Year 2004 to \$208.5 million, which is within the parameters of the City Council approved October 2001 Sewer Rate Case.

### Development Services

The Fiscal Year 2004 Proposed Budget includes a net increase of 1.00 position and the addition of \$1.2 million. The cost for this position is offset by fees from the regulation of solid waste facilities and is needed to address the increase in the numbers of burn site investigations. The Development Services Enterprise Fund is established as a cost recovery fee for services budget.

In Fiscal Year 2003, through February 2003, total building valuation increased by four percent, total number of permits increased by three percent, and the total number of dwelling units permitted was 17 percent higher compared to the same period in Fiscal Year 2002. The total building valuation, for Fiscal Year 2003, through February 2003, was 76 percent residential and 24 percent commercial.

The Fiscal Year 2004 Proposed Budget has been prepared using existing fees and staffing levels. Development Services, in conjunction with a fee consulting firm, has prepared a comprehensive fee study that was presented to Land Use and Housing Committee on March 19, 2003. The Committee approved the proposal for Mayor and City Council consideration. The proposal to recover costs and maintain or improve service levels with related staffing increases by increasing fees will be presented to the Mayor and City Council in May of 2003 for possible addition to the Annual Budget.

### Environmental Services – Refuse Disposal and Recycling

The Environmental Services Department's Proposed Fiscal Year 2004 Enterprise Fund budgets include a net increase of approximately \$2.6 million and a net reduction of 1.00 position. The Proposed Fiscal Year 2004 Budget for the Refuse Disposal Fund increased primarily due to higher Citywide retirement and worker's compensation costs, although minor adjustments were made to maintain current service levels. The Environmental Services Department also maintains the Refuse Disposal Landfill Closure Reserve Fund. At the close of Fiscal Year 2003, the fund balance is projected to be \$24.1 million. This reserve fund is required by State law and accumulates interest earnings and annual contributions from the Refuse Disposal Fund to ensure that adequate monies are available to close Miramar Landfill at the end of its expected life and to finance any required post-closure activities. The Recycling Fund supports curbside collection of recyclables and greenery, household hazardous waste programs, and public outreach with revenue generated by the California State Assembly Bill 939 (AB 939) Fee. This fee is authorized by

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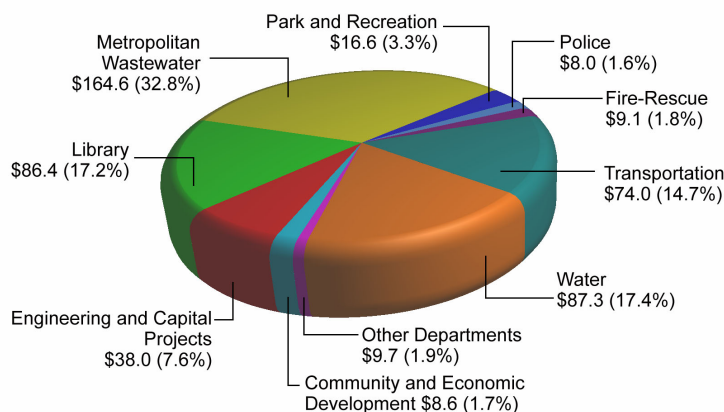
State law, which also limits its use to these programs. Waste generated by the Navy and community events are exempt from AB 939 fees. With the exception of franchised haulers, AB 939 fees are collected from customers at Miramar Landfill. Franchised hauler AB 939 fees are collected in conjunction with their quarterly franchise fee payments. Employees in the Recycling Program lead efforts to achieve State mandated diversion rates at the Miramar Landfill. Although the Environmental Services Department initially reduced its Proposed Fiscal Year 2004 Budget as a result of continuing budget constraints, the Recycling Fund budget remains essentially unchanged from Fiscal Year 2003 due to increases in Citywide retirement and worker's compensation costs.

## Capital Improvements Program

The Capital Improvements Program (CIP) Budget supports construction projects such as the development of parkland, the construction of a sewer pump plant, the acquisition of land for City use, the installation of a traffic signal and street lighting system, or the construction or remodeling of a City facility. These monies are derived from sources such as sewer and water fees, a half-cent local sales tax for transportation improvements (TransNet), development impact fees, State and federal grants, and/or the issuance of bonds for very large projects.

The Fiscal Year 2004 Proposed Capital Improvements Program (CIP) Budget totals \$502,335,451 which represents an increase of \$90,935,030 or 22.1% from the Fiscal Year 2003 Annual Capital Improvements Program Budget of \$411,400,421. Decreases occurred in the Transportation, Park and Recreation, and Environmental Services Capital Improvements Programs, while increases occurred in the Water, Engineering and Capital Projects, and Metropolitan Wastewater Capital Improvements Programs. Sewer and water projects comprise over 50% of the total CIP Budget.

**Total CIP Budget**  
**Fiscal Year 2004 Proposed Budget – \$502.3 Million**  
**(In Millions)**



Several of the larger projects within the City's Capital Improvements Program are phase funded, which is a means whereby large projects may be budgeted, appropriated, and contracted for in an efficient manner that maximizes the City's use of available funds. This has allowed the City to better match revenue flows with actual expenditure plans.

The majority of the City's Capital Improvements Program projects include a component to meet the requirements for the Americans with Disabilities Act (ADA). ADA compliance requirements are included in several projects such as water and sewer pipeline replacements, pump stations, street resurfacing, architectural barrier removal (such as curb cuts), sidewalk improvements, and tot lots.

The major CIP components are summarized as follows:

<b>SUMMARY OF THE CAPITAL IMPROVEMENTS PROGRAM BY DEPARTMENT</b>				
	<b>Fiscal Year 2003 Annual Budget</b>	<b>Fiscal Year 2004 Proposed Budget</b>	<b>Change Between Fiscal Year 2003-2004</b>	<b>Fiscal Year 2004 Percent of Total</b>
Community and Economic Development	\$9,903,290	\$8,656,376	\$ (1,246,914)	1.72%
Development Services	\$179,400	\$ –	\$ (179,400)	0.00%
Engineering and Capital Projects	\$1,918,304	\$37,963,642	\$36,045,338	7.56%
Environmental Services	\$9,612,000	\$5,663,000	\$ (3,949,000)	1.13%
General Services	\$2,066,000	\$1,000,000	\$ (1,066,000)	0.20%
Information Technology and Communications	\$ –	\$1,900,000	\$1,900,000	0.38%
Library	\$35,036,410	\$86,466,632	\$51,430,222	17.21%
Metropolitan Wastewater	\$137,326,082	\$164,628,735	\$27,302,653	32.77%
Park and Recreation	\$25,272,583	\$16,566,754	\$ (8,705,829)	3.30%
Planning	\$1,840,983	\$112,300	\$ (1,728,683)	0.02%
Police	\$5,993,563	\$8,011,093	\$2,017,530	1.59%
QUALCOMM Stadium	\$625,400	\$625,400	\$ –	0.12%
Real Estate Assets: Airports	\$1,300,000	\$400,000	\$(900,000)	0.08%
San Diego Fire-Rescue	\$16,283,183	\$9,101,382	\$(7,181,801)	1.81%
Special Projects	\$10,550,000	\$ –	\$ (10,550,000)	0.00%
Transportation	\$90,986,441	\$73,979,189	\$(17,007,252)	14.73%
Water	\$62,506,782	\$87,260,948	\$24,754,166	17.37%
<b>TOTAL</b>	<b>\$411,400,421</b>	<b>\$502,335,451</b>	<b>\$90,935,030</b>	<b>100.00%</b>

Highlights of the Fiscal Year 2004 Proposed Capital Improvements Program budget are as follows for each department.

## Community and Economic Development

The Fiscal Year 2004 Proposed CIP budget for the Community and Economic Development Department is \$8.65 million, of which \$4.0 million in Community Development Block Grants funding is allocated towards various community and streetscape improvements, and \$1.5 million is allocated toward Citywide architectural barrier removal.

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## Engineering and Capital Projects

The Fiscal Year 2004 Proposed CIP budget for the Engineering and Capital Projects Department is \$37.96 million. The \$36 million increase from Fiscal Year 2003 to Fiscal Year 2004 can be attributed primarily to the Undergrounding of City Utilities project, which provides for underground conversion projects to augment the California Public Utilities Commission (CPUC) Rule 20A projects, as well as providing for the necessary administrative expenses, conversion of City-owned street lighting and resurfacing of roadways associated with the undergrounding of utilities. The \$37.5 million annual allocation is entirely funded by the Undergrounding Utility Districts.

## Environmental Services

The Fiscal Year 2004 Proposed CIP budget for the Environmental Services Department is \$5.66 million. This amount includes:

- \$2.2 million funded by the Refuse Disposal Enterprise Fund for Phase Two of the West Miramar Refuse Disposal Facility project
- \$1.0 million funded by the Refuse Disposal Enterprise Fund for the future landfill and transfer facility
- \$500,000 funded by the Refuse Disposal Enterprise Fund for the gas upgrades in the South Chollas landfill

## General Services

The Fiscal Year 2004 Proposed CIP budget for the General Services Department is \$1.0 million. The entire \$1.0 million is funded by a State grant for San Diego River Water Quality Improvements.

## Library

The Fiscal Year 2004 Proposed CIP budget for the Library Department is \$86.46 million, including anticipated State, federal, local, and private funding. The increase of \$51,430,222 is due primarily to the incorporation of the San Diego Main Library project into the Library Department Capital Improvements Program. Formerly housed in the Special Projects Department, it was determined that it was more appropriate to align the \$149.5 million project with the financing plan for the Library System Improvements Program. The Improvements Program, which is estimated at \$312.3 million, includes funding from City Bond proceeds, Redevelopment Agency contributions, Development Impact Fees and Facilities Benefit Assessment Fees, State and federal grants, City funds, and a variety of other grants and private donations.



Many of the projects included in the Library System Improvements Program have continuing appropriations of the interim funding that was advanced in order to meet the Library System funding needs prior to the first bond issuance scheduled to occur in June 2004. In addition to these continuing appropriations, the following key allocations are budgeted for Fiscal Year 2004:

- \$54.4 million funded by Bond proceeds, the Redevelopment Agency, and Grants/Private contributions for the San Diego Main Library
- \$14.3 million funded by the Redevelopment Agency, and Grants/Private contributions for the San Ysidro Branch Library
- \$8.7 million funded by a State Proposition 14 grant and a Housing and Urban Development (HUD) Section 108 Loan for the Logan Heights Branch Library
- \$3.6 million funded by a HUD Section 108 loan and Community Development Block Grants for the College Heights/Rolando Branch Library
- \$2.0 million funded by a HUD Section 108 loan for the Ocean Beach Branch Library
- \$1.5 million funded by Grants/Private contributions for the Skyline Hills Branch Library
- \$533,325 funded by Bond proceeds for the Serra Mesa/Kearny Mesa Branch Library
- \$500,000 funded by University City Facilities Benefit Assessment funding for the North University Community Branch Library
- \$500,000 funded by Private donations for the La Jolla/Riford Library Expansion
- \$237,991 funded by Bond proceeds for the San Carlos Branch Library Expansion

### Metropolitan Wastewater

The Fiscal Year 2004 Proposed CIP budget for the Metropolitan Wastewater Department is \$164.6 million, funded by the Sewer Enterprise Fund. This amount includes several key allocations, including:

- \$52.3 million for the annual allocation for sewer main replacements
- \$12.7 million for the annual allocation for sewer pump stations restorations
- \$12.3 million for Pipeline Rehabilitation in the Right-of-Way - Phase A
- \$8.2 million for the annual allocation for sewer infrastructure upgrade and replacement
- \$6.7 million for the Wet Weather Storage Facility project
- \$5.7 million for the second phase of the expansion of Metropolitan Operations Center
- \$5.4 million for the annual allocation for trunk sewer rehabilitations
- \$5.1 million for the Point Loma Digester S1 and S2 upgrades

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In addition, \$19.8 million is planned for phase-funded contracts within existing projects. These contracts are not included in the proposed annual budget, but they will be appropriated during Fiscal Year 2004 as part of the Metropolitan Wastewater Department's cash management process:

- \$4.2 million for construction of the La Jolla/Pacific Beach Trunk Sewer
- \$3.7 million for modifications to the Point Loma Wastewater Treatment Plant, including the Fourth Sludge Pump
- \$2.9 million for Phase A of Pipeline Rehabilitation in the Right-of-Way
- \$2.9 million for construction of the Belt Street Trunk Sewer
- \$2.8 million for construction of various Sewer Main Replacements
- \$3.3 million for a variety of other construction and design contracts

## Park and Recreation

The Fiscal Year 2004 Proposed CIP budget for the Park and Recreation Department is \$16.6 million, including \$1.5 million in State grant funding for various park and recreation projects. Some of the projects proposed to receive funding in Fiscal Year 2004 are:

- \$2.7 million funded by Facilities Benefit Assessments for the Mira Mesa Community Swimming Pool
- \$2.6 million funded by Facilities Benefit Assessments for the Ocean View Hills Community Park
- \$1.5 million funded by a State grant for the Balboa West Arcade
- \$1.1 million funded by Facilities Benefit Assessments for Vista Pacifica (Robinhood Ridge) Neighborhood Park acquisition and development
- \$787,000 funded by Facilities Benefit Assessments for the Dennery Ranch Neighborhood Park
- \$650,000 funded by the Environmental Growth and Water Funds for the San Diego River Park Master Plan
- \$617,000 funded by Facilities Benefit Assessments for the Vista Grande Elementary
- \$525,000 funded by Facilities Benefit Assessments for the development of the Nobel athletic area

## Police

The Fiscal Year 2004 Proposed CIP budget for the Police Department is \$8.0 million, of which \$5.0 million is for debt service payments for the Police Decentralization project. The remaining funding is \$1.7 million for the relocation of the Central Police Garage and Motorcycle shop and \$1.2 million for the proposed Police Crime Laboratory Expansion.



## Real Estate Assets

The Fiscal Year 2004 Proposed CIP budget for the Real Estate Assets Department is \$400,000, funded entirely by the Airports Enterprise Fund, for improvements at Montgomery and Brown Airports.

## San Diego Fire-Rescue

The Fiscal Year 2004 Proposed CIP Budget for the Fire-Rescue Department is \$9.1 million, most of which is funded through the Fire and Lifeguard Facility Improvement Program. The City Council approved Ordinance O-19054 and Resolution R-296359 in April 2002, which authorized a joint financing plan for Fire and Lifeguard facilities. The total project cost of the Fire and Lifeguard Facility Improvement Program increased as a result of compliance with the Leadership in Energy Environmental Design (LEED) “Silver” standard, additional Americans with Disabilities Act (ADA) requirements, and other total project cost adjustments. These actions also authorized the use of bond proceeds to fund the Fire and Lifeguard Facility Improvement Program.

The cost of the Program is estimated at \$45,191,071, of which \$34,254,541 is for Fire projects and \$10,936,530 is for Lifeguard projects. However, for many of these projects, only planning and other preliminary activities have been performed to date. The total project cost for each Fire and Lifeguard facility will be set and the schedule for the design and construction will be established, once the scope of work is approved.

## Transportation

The Fiscal Year 2004 Proposed CIP budget for the Transportation Department is \$73.9 million, including the following projects:

- \$7.9 million funded by private contributions for the Rancho Encantada Parkway
- \$6.1 million funded by a Surface Transportation Program grant for improvements to Carroll Canyon Road between Sorrento Valley Road and Scranton Road
- \$4.0 million funded by Facilities Benefit Assessments for improvements to the interchange ramps between La Jolla Village Drive and Interstate 805
- \$3.0 million funded by Facilities Benefit Assessments for the widening of the Interstate 5 crossing at Genesee Avenue
- \$2.0 million funded Facilities Benefit Assessments for the design of a bridge on Regents Road
- \$1.0 million funded by TransNet for resurfacing and slurry sealing of City streets
- \$750,000 funded by Facilities Benefit Assessments for improvements on the Tierrasanta median
- \$692,000 funded by Facilities Benefit Assessments for street improvements along Camino Ruiz from Santaluz to Camino del Norte
- \$640,000 funded by Facilities Benefit Assessments for improvements to Spring Canyon Road between Scripps Ranch Boulevard and Pomerado Road
- \$350,000 funded by TransNet for the construction of new sidewalks Citywide
- \$170,000 funded by TransNet for the installation of traffic signals Citywide

# City Funds

## Water

The Fiscal Year 2004 Proposed CIP budget for the Water Department is \$87.2 million and is funded entirely by the Water Enterprise Fund. The following projects are programmed for Fiscal Year 2004:

- \$15.0 million for replacing water mains Citywide
- \$7.6 million for improvements at Alvarado Water Treatment Plant, including the Earl Thomas Reservoir and Phase Two: Upgrade and Expansion
- \$6.6 million for upgrade and expansion of the Miramar Water Treatment Plant
- \$2.1 million for the upgrade of phase two of the Otay Water Treatment Plant
- \$1.3 million for the rehabilitations of various standpipes and reservoirs
- \$517,000 for Rancho Bernardo Pump Station #2
- \$253,000 for replacement of the Torrey Pines Road/La Jolla Boulevard Water Main

In addition, \$37.2 million is planned for phase-funded contracts within existing projects. These contracts are not included in the proposed annual budget, but they will be appropriated during Fiscal Year 2004 as part of the Water Department's cash management process:

- \$15.1 million for the Earl Thomas Reservoir at the Alvarado Water Treatment Plant
- \$11.2 million for the Miramar Water Treatment Plant
- \$9.1 million for the Miramar Water Treatment Plant: Early Start Phase Two
- \$942,000 for pressure reduction and facility upgrades

## Special Revenue Funds

Special Revenue Funds account for revenues that are received for specifically identified purposes. Examples include TransNet, Gas Tax, and Transient Occupancy Tax Funds. The Fiscal Year 2004 Proposed Budget for Special Revenue Funds is \$287.3 million.

### Gas Tax

The Fiscal Year 2004 Proposed Gas Tax Budget is \$23.5 million and includes a net decrease of (\$2.21 million). Reductions to the Fiscal Year 2004 Proposed Budget include a (\$1.9 million) reduction for the Street Division of the Transportation Department for street maintenance services; and a (\$140,000) reduction for the Mission Beach Boardwalk Widening Capital Improvements Program.

The Gas Tax Fund is a result of a combination of laws that tax the use of gasoline. The current total tax on fuel is \$0.18 per gallon. The City of San Diego's share of Gas Tax revenue is based on a formula using vehicle registration, assessed valuation and population. The funding generated is used to perform citywide repairs and restoration to existing roadways, reduce congestion, improve safety and provide for the construction of needed facilities within the public rights-of-way.

### TransNet

The Fiscal Year 2004 Proposed TransNet Budget is \$29.1 million and includes a net decrease of (\$30.4 million). Reductions to the Fiscal Year 2004 Budget include a (\$32.6 million) reduction of Commercial Paper funded capital improvement projects and an increase of \$3.6 million for the Street Division of the Transportation Department for street maintenance services.

On November 7, 1987, voters in the County of San Diego approved the San Diego Transportation Improvement Program (TransNet), which allowed for a half-cent increase in the local sales tax (Proposition A). The term of this program is for 20 years, ending in 2008. The City of San Diego's share of TransNet revenue is based on population and the number of local street and road miles maintained. The funds generated are used to perform citywide transportation improvements such as the repair and restoration of existing roadways and construction of needed facilities within the public rights-of-way. Through a cooperative effort with the San Diego Association of Governments (SANDAG), the City of San Diego is able to manage the fund so that the most pressing transportation problems are solved.

### Debt Service Funds

Debt Service Funds are used for the payment of principal and interest on an obligation resulting from the issuance of bonds. The Fiscal Year 2004 Proposed Budget includes \$6.8 million for Debt Service Funds for financing the cost of capital improvements and for maintenance of zoological exhibits in Balboa Park.

### Tax Funds

Tax Funds contain monies that are borrowed from the sale of Tax Anticipation Notes (TANS) on a short-term basis to meet the cash requirements of the City prior to the receipt of property taxes. Related costs are budgeted in the fund and are offset by interest earnings realized. The Fiscal Year 2004 Proposed Budget includes \$3.2 million for Tax Funds.

### Business Improvement District Funds

Business Improvement District Funds are established by City Ordinance. Special assessments are levied upon business owners within a district with specifically defined boundaries. These assessments finance improvements within the district such as providing additional parking spaces for visitors to the district, making shopping areas more aesthetically pleasing, and scheduling recreational activities which promote the district.

### Maintenance Assessment District Funds

Maintenance Assessment District Funds are legal mechanisms by which property owners within a specified district can vote to assess themselves to pay for and receive special benefit services for the purpose of financing maintenance of open space, street medians, rights-of-way, and in some areas, mini-parks, street lighting, security, flood control, and drainage.

